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Weekly
Roundup

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WASHINGTON, June 27--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

BRAZIL and ARGENTINA have signed a memorandum of understanding encouraging free trade in a number of commodities, including wheat, rice, corn and sorghum. The understanding provides for easier flow of agricultural products by reducing potential barriers to trade and establishing preferential treatment for their products over other countries for both commercial and government purchasing. This action is reportedly the first step towards a "common market." Uruguay is expected to sign a similar agreement with Brazil in the future.

The EUROPEAN COMMUNITY (EC) held its first export tender for the 1984/85 season on June 21, authorizing 336,000 tons of soft wheat for export with a maximum export restitution of 12.92 ECUs per ton. Taking into account the 40 ECUs-per-ton corrective for export as of August 1 (the beginning of the EC marketing year), the effective export restitution will be about 53 ECU or \$42 per ton. This is the second consecutive year the EC has initiated the export tender system before the normal opening date of July 1. Last year, with a large wheat carryover and a good crop, the EC authorized over 2 million tons for export by August 1. A heavy export authorization pace in June and July is likely again this year, given the supply pressure that is expected to build with the upcoming harvest of a projected record wheat crop.

A SAUDI ARABIAN decree announcing a goal of self-sufficiency has achieved dramatic results in just three growing seasons, with 1984/85 wheat production estimated at 1.3 million tons, up from 187,000 tons in 1981/82. Correspondingly, Saudi wheat imports have decreased during the same period from almost 700,000 tons to a forecast 150,000 tons in 1984/85. The United States, once a major supplier (400,000 tons in 1981/82), has not exported wheat to Saudi Arabia since 1982/83.

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However, the drive toward self-sufficiency has not been without great cost. The Grain Silos and Flour Mills Organization (GSFMO) budget for wheat procurement was exceeded in 1983/84 by approximately \$295 million, requiring a supplemental allocation. Saudi wheat farmers receive \$997 for each ton of wheat produced, but this past season they received full payment for only the first 25 tons, and two-thirds payment for each ton in excess of that amount. Indications from Riyadh are that this problem will be exacerbated this season, with wheat producers receiving perhaps only one-half initially, and the balance 8 to 10 months later at the end of the Saudi fiscal year. The GSFMO of Saudi Arabia reports that domestic production of wheat continues to outpace construction of storage facilities. The Saudi Arabian Agricultural Bank (SAAB) and the GSFMO are jointly working toward solutions to both problems.

OILSEEDS AND PRODUCTS

With CANADA's stocks of rapeseed virtually depleted by strong domestic and export demand, 1983/84 marks the third year in a row that Japan has had to turn to other sources of supply. The U.S. agricultural counselor in Ottawa is estimating a rapeseed crop of 3.0 million tons, 12 percent above 1983 production; but most Canadian rapeseed crushing plants will be forced to close for some period of time this summer until new-crop delivery begins in September.

Recent analyses of the oilseeds and products situation in WEST GERMANY, FRANCE, and the UNITED KINGDOM indicate that imports of soybeans and soybean meal may not attain the volumes earlier forecast for the current marketing year and are likely to fall substantially below their 1982/83 levels. Imports of soybeans by these three countries are forecast for October-September 1983/84 at slightly under 4 million tons, a decrease of 1.145 million tons from year-earlier amounts. In the same period, soybean meal imports are expected to fall by 6 percent, or by over 400,000 tons, to 6.54 million tons. Upward revisions in imports and consumption for Denmark and the Netherlands, however, are partially offsetting. Consequently, total EC soybean imports are forecast to decline by 1.8 million tons, or 16 percent, from 1982/83 levels.

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DAIRY, LIVESTOCK AND POULTRY

The growth in milk production in the EUROPEAN COMMUNITY appears to be slowing. Following increases in milk deliveries of 2.5 percent in January and February and 1.2 percent in March, the average rate of gain for April was near zero. But the seasonal excess in milk output during the spring flush season is showing up as an increase in EC intervention stocks, particularly for butter. (Milk output for the spring flush season is expected to about equal a year earlier.) On May 24, butter stocks totaled 1,031,000 tons, compared with 473,000 tons in late May 1983. Stock levels of nonfat dry milk (NDM), although fluctuating somewhat the past two months, have trended downward since last fall. On May 24, NDM stocks--at 913,000 tons--were down from 1,040,000 tons on Oct. 27, 1983, but well above the 788,000 tons of late May 1983. It appears that the new EC dairy supply program to reduce milk deliveries will take some time to become fully implemented. There has been some increase in dairy cow slaughter during the first quarter of 1984, but EC cow numbers in May were still greater than at the beginning of 1983.

EGYPT has initiated a new inspection procedure under which imported meat purchased by the government can be inspected in the country of origin prior to export. A joint technical committee representing the Ministries of Agriculture, Economy and Foreign Trade, and Supply is now empowered to inspect live animals and meat destined for Egypt. Protocols have been made with Brazil, Ireland, West Germany, France, Uruguay and Sudan. Egyptian veterinarians travelling to those countries also will be looking at the slaughter facilities to assure that halal slaughter is observed. The United States is investigating the desirability of accepting these procedures. For the time being, U.S. exports to Egypt will continue under a system of import inspections upon arrival.

ISRAELI veterinary services report an outbreak of foot and mouth disease in the dairy cattle herd of Kibbutz Dafna near the Lebanese border. The northern region is quarantined and the entire country has been declared "affected territory," meaning cattle, sheep, camels and swine cannot be shipped within the country. Domestic movement for slaughter is subject to approval by government veterinarians. The United States exports 400 to 500 head of animals for slaughter and a few horses per year to Israel.

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Approximately a quarter of total fluid milk consumed in the EUROPEAN COMMUNITY is ultra high temperature (UHT) milk. UHT milk can be stored at room temperature and has a shelf life of up to six months. Total fluid milk consumption for member countries, with percentage consumed as UHT, is as follows:

Country 1/	Fluid Milk Consumed		Percent UHT	
	1981	1982	1981	1982
	----1,000 tons-----		---Percent----	
Germany, Fed. Rep.	3,432	3,514	44	45
France	3,193	3,284	49	54
Italy	2,886	3,173	20	29
Netherlands	951	1,046	10	05
Belgium/Lux.	688	740	24	25
U.K.	7,008	6,859	1	1
Ireland	477	512	2	2
Denmark	528	601	-	-
Total	19,163	19,729	21	23

1/ No data available for Greece. UHT consumption in Denmark is less than 1 percent.

The SOVIETS are interested in buying 100,000 tons of butter, according to the Dutch press accompanying the Dutch Minister of Agriculture, presently visiting the USSR. However, the Soviets are said to be asking for the butter at "give away" prices, which would require greater export subsidies than the EC is currently offering.

Effective May 31, NICARAGUA and EL SALVADOR again become eligible to export fresh, frozen and chilled meat products to the United States. All products produced on or after that date in plants recertified by the respective government may be shipped to the United States.

Nicaragua, El Salvador and four other countries were removed from the list of countries eligible to export fresh, frozen or chilled meat to the United States on Feb. 15, 1984. Panama, Nicaragua and El Salvador have now been relisted. Mexico, the Dominican Republic and Haiti currently remain ineligible.

COTTON AND FIBERS

AUSTRALIAN wool production for 1984/85 has been estimated by the Australian Wool Production Forecasting Committee at 770,000 tons (greasy basis), up 8 percent from 1983/84 production of 714,000 tons. This estimate represents the highest production since 1974/75, when production reached 793,000 tons.

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COFFEE, TEA AND COCOA

Green coffee production in BURUNDI for the 1984/85 season is now estimated at 392,000 60-kilogram bags, down 34 percent from the 1983/84 harvest. According to a report from the U.S. embassy in Burundi, 1983/84 production was placed at 593,000 bags (568,000 bags of Arabica and 25,000 bags of Robusta).

Selected International Prices

Item	:	June 26, 1984	:	Change from	:	A year
	:		:	previous week	:	ago
ROTTERDAM PRICES 1/		\$ per MT		\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWS-13.5%.		N.Q.	--	--		201.00
U.S. No. 2 DNS/NS: 14%....		181.50	4.94	+1.50		181.00
U.S. No. 2 S.R.W. 9/.....		151.00	4.11	+3.00		148.00
U.S. No. 3 H.A.D.....		187.00	5.09	+2.00		192.00
Canadian No. 1 A: Durum...		193.00	5.25	-4.00		209.00
Feed grains:						
U.S. No. 3 Yellow Corn....		160.50	4.08	+1.50		147.00
Soybeans and meal:						
U.S. No. 2 Yellow.....		300.00	8.16	-5.90		236.00
Brazil 47/48% SoyaPellets		190.00	--	-6.00		208.00
U.S. 44% Soybean Meal.....		196.00	--	-8.00		206.00
U.S. FARM PRICES 3/						
Wheat.....		131.16	3.57	-.73		129.32
Barley.....		91.86	2.00	-8.27		81.76
Corn.....		134.25	3.41	-1.18		121.26
Sorghum.....		116.40	5.28	+.88		114.86
Broilers 4/.....		1278.89	--	+130.07		1095.69
EC IMPORT LEVIES						
Wheat 5/.....		85.15	2.32	-3.35		104.30
Barley.....		73.05	1.59	+.25		109.25
Corn.....		46.40	1.18	-6.60		74.75
Sorghum.....		74.70	1.90	-4.30		90.70
Broilers 4/ 6/ 8/.....		162.00	--	-2.00		283.00
EC INTERVENTION PRICES 7/						
Common wheat(feed quality)		175.00	4.76	-3.50		181.35
Bread wheat (min. quality)7/		190.30	5.18	-3.80		198.90
Barley and all						
other feed grains.....		175.00	--	-3.50		181.35
Broilers 4/ 6/.....		1142.00	--	-22.00		1155.00
EC EXPORT RESTITUTIONS (subsidies)						
Wheat .*.		10.35	--	--		24.20
Barley.....		N.A.	N.A.	N.A.		N.A.
Broilers 4/ 6/ 8/.....		104.00	--	-25.00		203.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. 9/August shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis July delivery. *Corrective amount 40.0 ECUs.

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